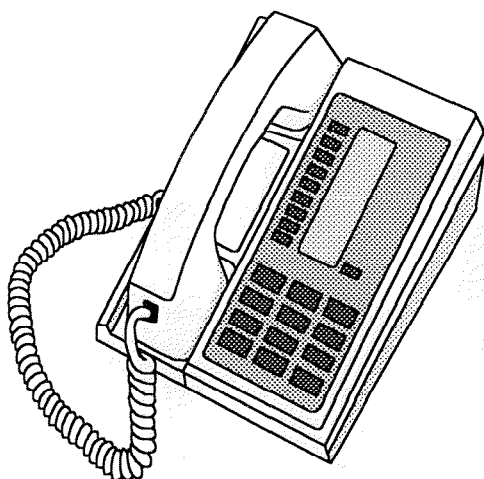


YEAR 2000

ANNUAL REPORT
OF
Valley Telecommunications

TELEPHONE UTILITY



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PUBLIC SERVICE COMMISSION
STATE OF MONTANA
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P.O. BOX 202601
HELENA, MT 59620-2601

Telephone Annual Report

Table of Contents

Description	Schedule	Page
Instructions		i - vi
General Information	1	1
Officers	2	2
Total Company Balance Sheet	3	3
Total Company Income Statement	4	5
Total State Income Statement	5	6
Intrastate Income Statement	6	7
Intrastate Regulated Income Statement	7	8
Average Rate Base	8	9
Statement of Cash Flows	9	10
Receivables and Investment	10	11
Net Plant in Service	11	12
Plant Held for Future Use	12	13
Average Cost of Long Term Debt	13	14
Cost of Preferred Stock	14	15
Analysis of Common Stock	15	16
Capital Stock and Reacquired Debt	16	17
Total Company Expense Matrix	17	18
Total State Expense Matrix	18	20
Pension Costs	19	22

continued on next page

Description	Schedule	Page
Other Post Employment Benefits (OPEBs)	20	23
Payments for Services	21	25
Subscriber Line Usage Data	22	26
Central Office and Access Line Statistics	23	27
Central Office and Switch Information	24	28
Construction Budget	25	29
Montana Employee Counts	26	30
Compensation of Top 10 Montana Based Employees	27	31
Compensation of Top 5 Corporate Employees	28	32
Montana Composite Statistics	29	33
Depreciation	30	34
Montana Regulatory Capital Structure and Costs	31	35
Network Access - Charges and Revenues	32	35
Affiliated Transactions - To the Utility	33	36
Affiliated Transactions - By the Utility	34	37
Montana Earned Rate of Return	35	38
Other Taxes Paid	36	39
Universal Service Funds Received	37	39

Telephone Annual Report

Instructions

General

1. A Microsoft EXCEL 97 workbook of the annual report is being provided on computer disk for your convenience. The workbook contains the schedules of the annual report. Each schedule is on the worksheet named that schedule. For example, Schedule 1 is on the sheet titled "Schedule 1". By entering your company name in the cell named "Company" of the first worksheet, the spreadsheet will put your company name on all the worksheets in the workbook. The same is true for inputting the year of the report in the cell named "YEAR". You can "GOTO" the proper cell by using the F5 key and selecting the name of the cell.
2. The workbook contains input sections that are unprotected, and non-input sections that are protected. Cell protection can be disabled or enabled through "TOOLS – PROTECTION – UNPROTECT SHEET" on your toolbar. Formulas and checks are built into most of the templates.
3. Use of the disk is optional. The disk and the report cover shall be returned when the report is filed. There are macros built into the workbook to assist you with the report. An explanation of the macros is on the "Control" worksheet at the front of the workbook. The explanations start at cell A1.
4. All forms must be filled out in permanent ink and be legible. Note: Even if the computer disk is used, a printed version of the report shall be filed. The orientation and margins are set up on each individual worksheet and should print on one page. If you elect not to use the disk, please format your reports to fit on one 8.5" by 11" page with the left binding edge (top if landscaped) set at .85", the right edge (bottom if landscaped) set at .4", and the remaining two margins at .5". You may select specific schedules to print – See the worksheet "CONTROL".
5. Unless otherwise indicated, all information required in these schedules shall be from the accounts prescribed in 47 C.F.R. Part 32 and the definitions and instructions therein will apply to this report wherever applicable.
6. Information on financial schedules may be rounded to thousands of dollars for companies with over 5,000 access lines. Companies submitting schedules rounded to thousands should so indicate at the top of the schedule.
7. Where more space is needed or more than one schedule is needed additional schedules may be attached and should be included directly behind the original schedule to which it pertains and be labeled accordingly (for example, Schedule 1A).
8. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further information as is necessary to make the required schedules not misleading.

9. The following schedules should be filled out with information on a total company basis:

Schedules 1 - 4
Schedule 10
Schedules 13 - 17
Schedule 19
Schedule 20, Page 1 of 2
Schedules 33 and 34

All other schedules should be filled out with Montana specific data. Financial schedules should include all amounts originating in Montana or allocated to Montana from other jurisdictions.

10. All companies owned by another company shall attach a corporate structure chart of the holding company.
11. The following schedules are not required to be filled out or submitted by companies with less than 5,000 access lines:
- Schedule 6
Schedules 17 and 18
Schedule 21
12. Schedules that have no activity during the year or are not applicable to the respondent should be marked as not applicable and submitted with the report.
13. Companies with under 5,000 lines may use summary accounts and should leave lines for subaccounts blank. Summary accounts are noted with an asterisk and subaccounts that are not required are noted with a caret.
14. Companies with over 5,000 lines must complete schedules to all required subaccount detail.
15. FCC Form M sheets may not be substituted in lieu of completing annual report schedules.
16. Common sense must be used when filling out all schedules.

Specific Instructions

Schedules 3 through 9

1. **Schedules 3, 4, and 9** should include all notes to the financial statements required by the FCC or included in the financial statements issued as audited financial statements. These notes should be included in the report directly behind the schedules and should be labeled appropriately (Schedule 3A, etc.).
2. **Schedule 5** may be omitted for companies doing business only in Montana.
3. **Schedule 6** is not required for companies with under 5,000 lines.

4. **Schedule 7** must be completed by all companies. For companies under 5,000 lines, this schedule may be completed on a total state basis. Any such company completing the form on a total state basis shall indicate this fact clearly on the form.
5. **Schedule 8** - Companies with less than 5,000 lines are not required to fill out the intrastate portion. The regulated rate base must be separated from the deregulated rate base but this may be done on a total state basis. Any company so doing shall clearly indicate this on the form.
6. Only accounts designated on **Schedule 8** may be included in rate base. Only companies who have specifically been authorized in a Commission order to include cash working capital in rate base may fill out line 8 on Schedule 8. Cash working capital must be calculated using the methodology approved in the Commission order. The most recent Commission Order, and Docket, specifying cash working capital shall be noted on the schedule.
7. **Schedule 9** - Instructions to complete are similar to those used for the Statement of Cash Flows in the FCC Form M.

Schedule 10

1. For the purpose of this schedule, nonofficial companies shall include any company in which the respondent has an ownership interest which does not meet the definition of an affiliated company set out in 47 C.F.R. Section 32.9000. This schedule shall not include telecommunications accounts receivable from other customers.

Schedule 11

1. All amounts listed in Column f that represent individual items for which the higher of cost or market value was in excess of \$50,000 for companies with under 5,000 lines and in excess of \$100,000 for companies with over 5,000 lines must be fully explained in notes to this schedule. The explanation must include the plant description and location, the original cost, the net book cost, the market value, the value at which it was transferred or the price at which it was sold, and the party to which it was transferred or sold.

Schedule 12

1. Respondents shall list each item amounting individually to \$100,000 or more and report all others in the aggregate.
2. Amounts in Column f relating to individual items exceeding \$50,000 shall be fully explained.

Schedule 15

1. Line 1 must be completed by all companies for the most recent calendar year. The retention and price/earnings ratios shall be calculated on a year end basis. Enter the actual year end market price in the "Year Ended" row. If the computer disk is used, enter the year end market price in the "High" column.
2. Lines starting at 9 shall be completed for each of the twelve months of the report year for all companies with over 5,000 access lines. Earnings per share and dividends per share shall be reported on a quarterly basis and entries shall be made only to the months that end the respective quarters (for example, March, June, September, and December.)

Schedule 19

1. All companies are required to submit this form. Companies with more than one plan (for example, both a retirement plan and a deferred savings plan) shall complete a schedule for each plan.
2. Companies with defined benefit plans must complete the entire form using FASB 87 and 132 guidelines.
3. Interest rate percentages shall be listed to two decimal places.

Schedule 20

1. All changes to the employee benefit plans shall be explained in a narrative on lines 15 and 16. All cost containment measures implemented in the reporting year shall be explained and quantified in a narrative on lines 15 & 16. All assumptions used in quantifying cost containment results shall be disclosed.
2. The schedule shall be filled out using FASB 106 and 132 guidelines.

Schedule 21

1. Respondents shall disclose all payments made during the year where the aggregate payment to the recipient was \$25,000 or more. Payments must include fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payment for services or as a donation.

Schedule 23

1. Respondents shall provide an attached sheet detailing the type and corresponding number of access lines for all entries in Column L (Other).

Schedule 24

1. Column (b). For each wire center that has a configuration of "Remote", Column (b) shall also reflect the respective "Host".
2. Column (c). Examples of Types of Switches are: Digital, Step by Step, and Crossbar.

Schedule 25

1. This schedule must be completed by all companies for the year following the reporting year.

Schedule 26

1. Respondents shall either report construction technicians and splicers as separate categories or footnote the appropriate categories and indicate the number of (1) construction technicians; and (2) splicers.

Schedule 27

1. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
2. The above compensation items shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule to which it pertains.
3. If respondent is claiming protected status of salary information both a proprietary and non-proprietary copy of this schedule shall be filed. On the non-proprietary copy respondent shall indicate which columns respondent maintains are proprietary. A note stating that such information is being provided separately shall be included on the schedule. In no case shall either Column (a) - Name/Position, or Column (g) - Percent Increase Total Compensation, be considered proprietary. Respondent shall provide all requested information on the proprietary copy.

Schedule 28

1. Respondents shall provide all executive compensation information in conformance with that required by the Securities and Exchange Commission (SEC) (Regulation S-K Item 402, Executive Compensation).
2. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
3. All items included in Column (d) - Other Compensation shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule.
4. In addition, respondents shall attach a copy of the executive compensation information provided to the SEC.

Schedule 29

1. Information from this schedule is consolidated with information from other Utilities and reported to the National Association of Regulatory Utility Commissioners (NARUC). Your assistance in completing this schedule, even though information may be located in other areas of the annual report, expedites reporting to the NARUC and is appreciated.

Schedules 33 and 34

1. Respondents shall report all transactions with affiliated companies.
2. Column (c). Respondents shall indicate in column (c) the method used to determine the price. Respondents shall indicate if a contract is in place between the Affiliate and the Utility. If a contract is in place, respondents shall indicate the year the contract was initiated, the term of the contract and the method used to determine the contract price.
3. Column (c). If the method used to determine the price is different than the previous year, respondents shall provide an explanation, including the reason for the change.

Schedule 35

1. Respondents shall provide an attached sheet detailing the account and the amount for all entries made to Lines 9 and 16.
2. Only companies who have specifically been authorized in a Commission Order to include cash working capital in rate base may include cash working capital in lines 9 or 16. Cash working capital must be calculated using the methodology approved in the Commission Order. The Commission Order specifying cash working capital shall be noted on the attached sheet.
3. Respondents shall indicate, for each adjustment on lines 30 through 42, if the amount is updated or if it is from the last rate case. All adjustments shall be calculated using Commission methodology.

Schedule 36

1. Respondents shall list the amount of tax accrued or paid for the fiscal year attributable to Montana sources for each of the listed taxes

Schedule 37

1. Respondents shall list the amount of Universal Service Funds received from Montana and from the federal government.

General Information

Year: 2000

1. Legal Name of Respondent: Valley Telecommunications, Inc.
2. Name Under Which Respondent Does Business: Valley Telecommunications, Inc.
3. Date of Incorporation: May 21, 1993
4. Address to send Correspondence Concerning Report: PO Box 600
Scobey, MT 59263
5. Person Responsible for This Report: Ross Fladager
- 5a. Telephone Number: (406) 783-5625

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of year provide the following:
 - 1a. Name and address of the controlling organization or person:
Nemont Telephone Cooperative, Inc.
PO Box 600, Scobey MT 59263
 - 1b. Means by which control was held: Stock Ownership
 - 1c. Percent Ownership: 100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Robert H. Heikens, Box 342, Nashua MT 59248	600
2	Orvis Nelson, 534 Biglake Rd., Homestead MT 59242	600
3	Dayton Cherney, #90 Cherney Rd., Nashua MT 59248	825
4	Charles McVee, 182 McVee Rd., Glasgow MT 59230	600
5	Roy Neufeld, HC 67 Box 138, Larslan MT 59244	450
6	James Shipstead, Box 538, Scobey MT 59263	550
7	Pearl Hopkins, Box 803, Poplar MT 59255	800
8	Colette Custer, 115 Broadmore St., Plentywood MT 59254	4000
9		
10		
11		
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16		
17		
18	Chairman of the Board:	
19	Ben Boreson, Box 224, Opheim MT 59250	600
20		

Officers

Year: 2000

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	President		Ben Boreson, Opheim MT 59250
2	Vice President		Robert Heikens, Nashua MT 59248
3	Secretary/Treasurer		Orvis Nelson, Homestead MT 59242
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Total Company Balance Sheet

Year: 2000

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	3,296,586	1,440,444
3	1180	Telecommunications Accounts Receivable - Net	338,433	288,563
4	1190	Other Accounts Receivable - Net	859,910	967,075
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable	26,358	7,382
7	1220	Materials and Supplies		
8	* 1280	Prepayments	11,825	59,353
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	11,825	59,353
14	1350	Other Current Assets		
15		Total Current Assets	4,533,112	2,762,817
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies	855,494	881,125
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	855,494	881,125
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	16,226,388	16,376,512
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	10,882	7,116
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	5,233,454	5,233,454
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(3,168,043)	(2,732,130)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(2,267,830)	(1,918,934)
39		Net Property, Plant, & Equipment	16,034,851	16,966,018
40		TOTAL ASSETS	21,423,457	20,609,960

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2000

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	1,179,224	916,165
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	72	
45	4040	Customer Deposits	71,728	63,558
46	4050	Current Maturities - Long Term Debt	102,280	112,366
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	219,493	411,875
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		
53	4130	Other Current Liabilities	152,169	139,151
54		Total Current Liabilities	1,724,966	1,643,115
55		LONG-TERM DEBT:		
56	4210	Funded Debt	9,117,177	10,016,306
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt	9,117,177	10,016,306
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	1,361,282	1,211,028
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	1,361,282	1,211,028
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	3,500,000	3,500,000
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	5,719,932	4,239,511
79		Total Stockholders' Equity	9,219,932	7,739,511
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	21,423,357	20,609,960

Total Company Income Statement

Year: 2000

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,134,708	2,038,442
3	5080	Network Access Revenues	6,041,942	5,567,295
4	* 5100	Long Distance Message Revenue	(1,576)	(3,128)
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	(1,576)	(3,128)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	674,511	686,939
10	^ 5230	Directory Revenue	31,529	46,471
11	^ 5240	Rent Revenue	442,869	428,301
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	39,768	6,054
14	^ 5270	Carrier Billing and Collection Revenue	160,345	206,113
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	12,778	11,904
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,836,807	8,277,644
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	37,081	24,332
20	6120	General Support Expense	511,187	459,465
21	6210	Central Office Switching Expense	377,075	375,492
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	423,401	403,319
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	948,596	1,005,053
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	212,895	200,517
30	6540	Access Expense	25,719	33,866
31	6560	Depreciation and Amortization Expense	1,374,763	1,426,663
32	6610	Marketing	45,539	41,052
33	6620	Services	620,430	590,182
34	6710	Executive and Planning	219,683	198,008
35	6720	General and Administrative	689,994	815,935
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,486,363	5,573,884
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,229,653	1,163,912
40		Net Operating Income (L.17-L.37+L.38-L.39)	2,120,791	1,539,848
41	7300	Nonoperating Income and Expense	216,306	174,078
42	7400	Nonoperating Taxes	150,254	180,542
43	7500	Interest and Related Items	644,198	703,836
44	7600	Extraordinary Items	62,224	(67,586)
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		(492)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,480,421	897,626

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2000

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	NOT APPLICABLE ALL BUSINESS IN MONTANA	
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	#VALUE!	
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)	#VALUE!	

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2000

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,134,708	2,038,442
3	5080	Network Access Revenues	2,378,093	1,790,667
4	* 5100	Long Distance Message Revenue	(1,576)	(3,127)
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	(1,576)	(3,127)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	616,418	613,797
10	^ 5230	Directory Revenue	31,529	46,471
11	^ 5240	Rent Revenue	442,869	428,301
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	39,768	6,054
14	^ 5270	Carrier Billing and Collection Revenue	102,252	132,971
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	12,778	11,904
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	5,114,865	4,427,875
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	37,081	24,332
20	6120	General Support Expense	511,187	459,465
21	6210	Central Office Switching Expense	377,075	375,492
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	423,401	403,319
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	948,596	1,005,053
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	212,895	200,517
30	6540	Access Expense	25,719	33,866
31	6560	Depreciation and Amortization Expense	1,374,763	1,426,663
32	6610	Marketing	45,539	41,052
33	6620	Services	620,430	590,182
34	6710	Executive and Planning	219,683	198,008
35	6720	General and Administrative	689,994	815,935
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,486,363	5,573,884
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	596,842	900,302
40		Net Operating Income (L.17-L.37+L.38-L.39)	(968,340)	(2,046,311)

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2000

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,134,708	2,038,442
3	5080	Network Access Revenues	2,378,093	1,790,667
4	* 5100	Long Distance Message Revenue	(1,576)	(3,127)
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	(1,576)	(3,127)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	616,418	613,797
10	^ 5230	Directory Revenue	31,529	46,471
11	^ 5240	Rent Revenue	442,869	428,301
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	39,768	6,054
14	^ 5270	Carrier Billing and Collection Revenue	102,252	132,971
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	12,778	11,904
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	5,114,865	4,427,875
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	37,081	24,332
20	6120	General Support Expense	511,187	459,465
21	6210	Central Office Switching Expense	377,075	375,492
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	423,401	403,319
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	948,596	1,005,053
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	212,895	200,517
30	6540	Access Expense	25,719	33,866
31	6560	Depreciation and Amortization Expense	1,374,763	1,426,663
32	6610	Marketing	45,539	41,052
33	6620	Services	620,430	590,182
34	6710	Executive and Planning	219,683	198,008
35	6720	General and Administrative	689,994	815,935
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,486,363	5,573,884
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	596,842	900,302
40		Net Operating Income (L.17-L.37+L.38-L.39)	(968,340)	(2,046,311)

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2000

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	16226388	16376512
2	3100	Accumulated Depreciation	3168043	2732131
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes	1361282	1211028
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	11697063	12433353

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	16226388	16376512
2	3100	Accumulated Depreciation	3168043	2732131
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes	1361282	1211028
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	11697063	12433353

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	16226388	16376512
2	3100	Accumulated Depreciation	3168043	2732131
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes	1361282	1211028
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	11697063	12433353

Statement of Cash Flows

Year: 2000

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	AVAILABLE IN 2000 AUDIT REPRT	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net		
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other (explained on back of this page)		
16	Total Adjustments		
17	Net Cash Provided by/(Used in) Operating Activities		
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	Net Cash Provided by/(Used in) Investing Activities		
26	Cash Flows from Financing Activities:		
27	Net Incr./((Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		
40	Cash & Cash Equivalents at Beginning of Period		
41	Cash & Cash Equivalents at End of Period		

Company Name: VTI

SCHEDULE 10

Receivables and Investments-Affiliated & Nonaffiliated Companies

ar: 2000

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	NRUCFC	2567594							26358		
2	AT&T				279011						
3	QWEST COMM				26695						
4	PROJECT TELEPHONE				5751						
5	NEMONT COMM INC				25405						
6	NCRPC				8307						
7	NECA				93324						
8	SAGEBRUSH CELL INC				5623						
9	NEMONT TELEPHONE				175683						
10	MISC LD CARRIERS				227356						
11	CAPITAL CREDIT'S										254628
12	RTFC										500815
13	NCDC										100050
14											
15											
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	Totals	2567594			847155				26358		855493

Company Name: VTI

SCHEDULE 11

Net Plant in Service - Detail

Year:2000

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	2288948	264156	116528	37685	2474261		2474261
2	^ 2111	Land	86432	25000			111432		111432
3	^ 2112	Motor Vehicles	323429	85196	100802	37685	345508	261600	83908
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	2820				2820	2820	
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	143834	7575	4026		147383	67626	79757
8	^ 2121	Buildings	1641563	144729			1786292	223886	1562406
9	^ 2122	Furniture							
10	^ 2123	Office Equipment	90870	1656	11700		80826	5720	75106
11	^ 2124	General Purpose Computers							
12	2211	Analog Electronic Switching	465123		465123				
13	2212	Digital Electronic Switching	3825066	9248			3834314	1100447	2733867
14	2215	Electro-Mechanical Switching							
15	2220	Operator Systems							
16	2231	Radio Systems							
17	2232	Circuit Equipment	1773323	146915	40395		1879843	320287	1559556
18	* 2310	Information Orig & Term Equip							
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment							
24	2411	Poles	182982		116		182866	79209	103657
25	* 2420	Cable and Wire Facilities	5363292	32045	24000		5371337		5371337
26	^ 2421	Aerial Cable	1053146	2927			1056073	133380	922693
27	^ 2422	Underground Cable	1016157				1016157	195410	820747
28	^ 2423	Buried Cable	3212968	29118	24000		3218086	478221	2739865
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable	81021				81021	13423	67598
32	2431	Aerial Wire	3586				3586	1825	1761
33	2441	Conduit Systems	2474190	5989			2480179	284189	2195990
34		Totals	16376510	458353	646162	37685	16226386	3168043	13058343

^ Subaccount of the account marked with a *.

PAGE 12

Company Name: VTI

SCHEDULE 12

Analysis of Plant Held for Future Use

Year: 2000

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	NOT APPLICABLE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Company Name: VTI

SCHEDULE 13

Average Cost of Long Term Debt										Year:2000		
Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	RTFC-ACQUISITION	Apr-94	Apr-09	12572871				8072113				
2	RTFC-CONSTRUCTIO	Apr-94	Aug-09	1349000				1045064				
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total			13921871				9117177				

Company Name: VTI

SCHEDULE 14

Cost of Preferred Stock

Year: 2000

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	NOT APPLICABLE											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Company Name: VTI

SCHEDULE 15

Analysis of Common Stock

Year: 2000

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g) Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	350	10000	4230				
2								
3								
4								
5								
6								
7								
8	Month by Month Data:							
9	January							
10	February							
11	March							
12	April							
13	May							
14	June							
15	July							
16	August							
17	September							
18	October							
19	November							
20	December							
21								
22								
23								

Company Name: VTI

SCHEDULE 16

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2000

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1	NOT APPLICABLE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Company Name: VTI

SCHEDULE 17

Page 1 of 2

Total Company Expense Matrix

Year:2000

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	* 6110	Network Support Expense	5672	2946		109686	-81224	37080
2	^ 6112	Motor Vehicle Expense	4993	2488		68146	-69278	6349
3	^ 6113	Aircraft Expense						
4	^ 6114	Special Purpose Vehicles Expense	45	28		28	-101	
5	^ 6115	Garage Work Equipment Expense						
6	^ 6116	Other Work Equipment Expense	634	430		41512	-11845	30731
7	* 6120	General Support Expense	71886	40273	317366	81663		511188
8	^ 6121	Land and Building Expense	50193	26812	290642	48767		416414
9	^ 6122	Furniture and Artworks Expense	68	45		13089		13202
10	^ 6123	Office Equipment Expense	46	38		18546		18630
11	^ 6124	General Purpose Computers Expense	21579	13378	26724	1261		62942
12	* 6210	Central Office Switching Expense	135992	85305		155778		377075
13	^ 6211	Analog Electronic Expense						
14	^ 6212	Digital Electronic Expense	135992	85305		155778		377075
15	^ 6215	Electro-Mechanical Expense						
16	6220	Operator Systems Expense						
17	* 6230	Central Office Transmission Expense	38213	23432	327312	34446		423403
18	^ 6231	Radio Systems Expense	142	95		2		239
19	^ 6232	Circuit Equipment Expense	38071	23337	327312	34444		423164
20	* 6310	Information Origination/Termination Expense						
21	^ 6311	Station Apparatus Expense						
22	^ 6341	Large Private Branch Exchange Expense						
23	^ 6351	Public Telephone Terminal Equipment Exp.						
24	^ 6362	Other Terminal Equipment Expense						
25	* 6410	Cable and Wire Facilities Expense	232351	146449	452511	117285		948596
26	^ 6411	Poles Expense			1215	8736		9951
27	^ 6421	Aerial Cable Expense	85332	54542		42089		181963
28	^ 6422	Underground Cable Expense				514		514
29	^ 6423	Buried Cable Expense	147019	91907	451296	65668		755890
30	^ 6424	Submarine Cable Expense						
31	^ 6425	Deep Sea Cable Expense						
32	^ 6426	Intrabuilding Network Cable Expense						
33	^ 6431	Aerial Wire Expense				278		278
34		Subtotals	484,114	298,405	1,097,189	498,858	(81,224)	2297342

^ Subaccount of the account marked with a *.

PAGE 18

Company Name: VTI

SCHEDULE 17

Total Company Expense Matrix

Line No.	Acct. No.	Description	Salaries and Wages	Benefits	Rents	Other Expenses	Clearances	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
35	^	6441	Conduit Systems Expense					
36		6510	Other Property Expenses	13424	8164	3791	-25379	
37	*	6530	Network Operations Expense	91086	57907	69031	-5131	212893
38	^	6531	Power Expense			40240		40240
39	^	6532	Network Administration Expense			1465		1465
40	^	6533	Testing Expense	11988	8448	116		20552
41	^	6534	Plant Operations Expense	67772	42624	14370	-4170	120596
42	^	6535	Engineering Expense	11326	6835	12840	-961	30040
43		6540	Access Expense			25719		25719
44		6561	Depreciation - Telecomm. Plant in Service			1025866		1025866
45		6562	Depreciation-Prop. for Future Telecom. Use					
46		6563	Amortization Expense - Tangible					
47		6564	Amortization Expense - Intangible					
48		6565	Amortization - Other			348897		348897
49	*	6610	Marketing	12924	8344	24270		45538
50	^	6611	Product Management					
51	^	6612	Sales			3570		3570
52	^	6613	Product Advertising	12924	8344	20700		41968
53		6621	Call Completion Services			2640		2640
54		6622	Number Services	5553	3979	34393		43925
55		6623	Customer Services	132518	101528	339816		573862
56		6711	Executive	84396	38648	96639		219683
57		6712	Planning					
58		6721	Accounting and Finance	75085	48752	62001		185838
59		6722	External Relations	46838	28527	85890		161255
60		6723	Human Relations	36251	25603	18931		80785
61		6724	Information Management					
62		6725	Legal			19317		19317
63		6726	Procurement	3613	2358	51		6022
64		6727	Research and Development					
65		6728	Other General and Administrative	45984	32919	157874		236777
66		6790	Provision for Uncollectible Notes Receivable					
67			Totals	1,031,786	655,134	1,097,189	2,813,984	(111,734)
								5486359

^ Subaccount of the account marked with a *.

Company Name: VTI

SCHEDULE 18

Page 1 of 2

Total State Expense Matrix

Year:2000

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)	
1	*	6110 Network Support Expense	5672	2946		109686	-81224	37080	check
2	^	6112 Motor Vehicle Expense	4993	2488		68146	-69278	6349	37080
3	^	6113 Aircraft Expense							
4	^	6114 Special Purpose Vehicles Expense	45	28		28	-101		
5	^	6115 Garage Work Equipment Expense							
6	^	6116 Other Work Equipment Expense	634	430		41512	-11845	30731	check
7	*	6120 General Support Expense	71886	40273	317366	81663		511188	511188
8	^	6121 Land and Building Expense	50193	26812	290642	48767		416414	
9	^	6122 Furniture and Artworks Expense	68	45		13089		13202	
10	^	6123 Office Equipment Expense	46	38		18546		18630	
11	^	6124 General Purpose Computers Expense	21579	13378	26724	1261		62942	check
12	*	6210 Central Office Switching Expense	135992	85305		155778		377075	377075
13	^	6211 Analog Electronic Expense							
14	^	6212 Digital Electronic Expense	135992	85305		155778		377075	
15	^	6215 Electro-Mechanical Expense							
16		6220 Operator Systems Expense							check
17	*	6230 Central Office Transmission Expense	38213	23432	327312	34446		423403	423403
18	^	6231 Radio Systems Expense	142	95		2		239	
19	^	6232 Circuit Equipment Expense	38071	23337	327312	34444		423164	check
20	*	6310 Information Origination/Termination Expense							
21	^	6311 Station Apparatus Expense							
22	^	6341 Large Private Branch Exchange Expense							
23	^	6351 Public Telephone Terminal Equipment Exp.							
24	^	6362 Other Terminal Equipment Expense							check
25	*	6410 Cable and Wire Facilities Expense	232351	146449	452511	117285		948596	948596
26	^	6411 Poles Expense			1215	8736		9951	
27	^	6421 Aerial Cable Expense	85332	54542		42089		181963	
28	^	6422 Underground Cable Expense				514		514	
29	^	6423 Buried Cable Expense	147019	91907	451296	65668		755890	
30	^	6424 Submarine Cable Expense							
31	^	6425 Deep Sea Cable Expense							
32	^	6426 Intrabuilding Network Cable Expense							
33	^	6431 Aerial Wire Expense				278		278	check
34		Subtotals	484,114	298,405	1,097,189	498,858	(81,224)	2297342	2,297,342

^ Subaccount of the account marked with a *.

PAGE 20

Company Name: VTI

SCHEDULE 18

Page 2 of 2

Total State Expense Matrix

Year:2000

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	6441	Conduit Systems Expense					
36		6510	Other Property Expenses	13424	8164	3791	-25379	
37	*	6530	Network Operations Expense	91086	57907	69031	-5131	212893
38	^	6531	Power Expense			40240		40240
39	^	6532	Network Administration Expense			1465		1465
40	^	6533	Testing Expense	11988	8448	116		20552
41	^	6534	Plant Operations Expense	67772	42624	14370	-4170	120596
42	^	6535	Engineering Expense	11326	6835	12840	-961	30040
43		6540	Access Expense			25719		25719
44		6561	Depreciation - Telecomm. Plant in Service			1025866		1025866
45		6562	Depreciation-Prop. for Future Telecom. Use					
46		6563	Amortization Expense - Tangible					
47		6564	Amortization Expense - Intangible					
48		6565	Amortization - Other			348897		348897
49	*	6610	Marketing	12924	8344	24270		45538
50	^	6611	Product Management					
51	^	6612	Sales			3570		3570
52	^	6613	Product Advertising	12924	8344	20700		41968
53		6621	Call Completion Services			2640		2640
54		6622	Number Services	5553	3979	34393		43925
55		6623	Customer Services	132518	101528	339816		573862
56		6711	Executive	84396	38648	96639		219683
57		6712	Planning					
58		6721	Accounting and Finance	75085	48752	62001		185838
59		6722	External Relations	46838	28527	85890		161255
60		6723	Human Relations	36251	25603	18931		80785
61		6724	Information Management					
62		6725	Legal			19317		19317
63		6726	Procurement	3613	2358	51		6022
64		6727	Research and Development					
65		6728	Other General and Administrative	45984	32919	157874		236777
66		6790	Provision for Uncollectible Notes Receivable					
67			Totals	1,031,786	655,134	1,097,189	2,813,984	(111,734)

check
212893

check

check
45538

5,486,359

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2000

1	Plan Name	NTCA SAVINGS PLAN		
2	Defined Benefit Plan? _____	Defined Contribution Plan? <u>_X</u>		
3	Actuarial Cost Method? <u>_12% OF W-2 WAGES</u>	IRS Code: _____		
4	Annual Contribution by Employer: <u>_57064</u>	Is the Plan Over Funded? <u>_NO</u>		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	N/A		#VALUE!
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	220924	112970	-48.86%
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	57064	58142	1.89%
21	Plan participants' contributions	48835	49812	2.00%
22	Benefits paid			
23	Fair value of plan assets at end of year	326823	220924	-32.40%
24	Funded Status	326823	220924	-32.40%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	326823	220924	-32.40%
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	10	10	
48	Not Covered by the Plan	3	3	
49	Active	9	10	11.11%
50	Retired	1		-100.00%
51	Deferred Vested Terminated			

Other Post Employment Benefits (OPEBS)

Item	Current Year	Last Year	% Change
1 Regulatory Treatment:			
2 Commission authorized - most recent			
3 Docket number: _____			
4 Order number: _____			
5 Amount recovered through rates			
6 Weighted-average Assumptions as of Year End			
7 Discount rate	NOT APPLICABLE		#VALUE!
8 Expected return on plan assets			
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method			
11 Rate of compensation increase			
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13			
14			
15 Describe any Changes to the Benefit Plan:			
16			
17 TOTAL COMPANY			
18 Change in Benefit Obligation			
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
36 Funded Status			
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
40 Components of Net Periodic Benefit Costs			
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost			
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL			
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL			

Other Post Employment Benefits (OPEBS) Continued

Year: 2000

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan			
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Cccosts			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	NISC	DATA SERVICES	290181	290181	290181
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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46					
47					
48					
49	Total				

Subscriber Line Usage Data

ear: 2000

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	24190015	53.77%	23680769	54.09%
3	Interstate, IntraLATA	15379	0.03%	10361	0.02%
4	Total Interstate Usage	24205394	53.80%	23691130	54.12%
5	Intrastate, InterLATA	7774554	17.28%	9046866	20.67%
6	Intrastate, IntraLATA	13010077	28.92%	11040210	25.22%
7	Total Intrastate Usage	20784631	46.20%	20087076	45.88%
8	Total Toll Usage	44990025	100.00%	43778206	100.00%
9	Centrex				
10	Local				
11	Total Minutes	44990025	100.00%	43778206	100.00%

Company Name: VTI

SCHEDULE 23
Page 1 of

Central Office and Access Line Statistics

Year: 2000

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	GLASGOW CDO	DIGITAL	1899		36	92		927	17				100.0%	2843
2	WOLF POINT CDO	DIGITAL	1500		8	304		634	14				100.0%	2148
3	PLENTYWOOD CDO	DIGITAL	1022		13	37		396	8				100.0%	1426
4	POPLAR CDO	DIGITAL	874		9	279		511	7				100.0%	1392
5														
6														
7														
8														
9														
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32														
33	Total		5295		66	712		2468	46				4	7809

NOTE: Additional blank schedules are being provided for your convenience.

PAGE 27

Central Office and Switch Information

Year: 2000

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	GLASGOW	HOST	DIGITAL	NORTEL	DMS-10	2,890	1995
2	WOLF POINT	HOST	DIGITAL	NORTEL	DMS-10	2,041	1995
3	PLENTYWOOD	HOST	DIGITAL	NORTEL	DMS-10	1,456	1994
4	POPLAR	HOST	DIGITAL	NORTEL	DMS-10	1,312	1995
5	WOLF POINT	REMOTE	DIGITAL	NORTEL	RSC-S		1997
6							
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NOTE: Additional blank schedules are being provided for your convenience.

PAGE 28

Construction Budget - Montana

Year: 2001

Line No.	Description (a)	2001 (b)
1	Central Office Assets:	
2	NONE	
3		
4		
5		
6		
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8		
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26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	100000
29	Total Central Office Budget (Total of Line 27 & Line 28)	100000
30	Other Projects over \$500,000:	
31	NONE	
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	150000
43	Total Construction Budget (Total of Lines 29, 41 & 42)	250000

Montana Employee Counts

Year: 2000

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	CENTRAL OFFICE TECHNICIANS	3	3
2	COMBINATION SERVICEMEN	5	5
3	SPECIAL SERVICES	1	1
4	CUSTODIAL (PART TIME)	3	3
5			
6			
7			
8			
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42			
43	Totals (Sum of Lines 1 through 42)	12	12

Compensation of Top 10 Montana Based Employees

Year: 2000

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	GENERAL MANAGER	150000		6715 12591 17886	187192	178456	4.90%
2	OPERATIONS MANAGE	86000		10440	96440	91489	5.41%
3	COE/NETWORK SUPER.	55750	250	2240 4200	62440	59764	4.48%
4	OFFICE MANAGER	75600	1000	3064 5745	85409	80280	6.39%
5	CELLULAR OPER. MNG	70000	1000	2914 5465	79379	80419	-1.29%
6	DISTRICT SUPERVISOR	69303		2866 5373	77542	76019	2.00%
7	PUBLIC AFFAIRS MNGR	63860		2603 4881 1216	72560	73276	-0.98%
8	PLANT MANAGER	66300		2652 4973	73925	71778	2.99%
9	HUMAN RESOURCE MG	35000		2652 4973	42625	63276	-32.64%
10	SAFETY/LOSS SUPER	51500		2060 3863	57423	55750	3.00%
**33% OF SALARY PAID BY NEMONT TELEPHONE, 39% IS PAID BY VTI, AND 28% IS PAID BY PROJECT TELEPHONE AS DUTIES ARE SHARED BY ALL 3 COMPANIES.							
11	Totals (Sum L.1 to L.10)	723313	2250	109372	834935	830507	0.53%

Year: 2000

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	NOT APPLICABLE						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2000

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	16226388
3	2003 - 2004	Construction Work in Progress	10882
4	2005	Plant Acquisition Adjustments	5233454
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-5435873
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	16034851
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	8836807
13	6560	Depreciation & Amortization Expenses	1374763
14		Federal & State Income Taxes	766426
15		Other Taxes	463227
16		Other Operating Expenses	4111600
17		TOTAL Operating Expenses	6716016
18		Net Operating Income	2120791
19		Other Income	216306
20		Other Deductions	856676
21		NET INCOME	1480421
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	5295
24		Business Access Lines	2514
25		PBX Access Lines	
26		Other Access Lines	
27		Total Number of Access Lines	7809
28		Average Number of Calls Per Access Line	
29		Local Calls	3045
30		Toll Calls (Intra- or Interstate)	395
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30)	3440
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	42
34		Gross Plant Investment per Access Line	2077

Depreciation - Montana Intrastate Regulated

Year: 2000

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	25.0%	45,527
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	8.0%	17,710
5	2121	Buildings	3.1%	38,343
6	2122	Furniture		
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment	7.5%	8,920
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	314,095
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS	8.2%	131,268
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	9.2%	18,252
22	2421	Aerial Cable Metallic	9.2%	103,447
23	2421	Aerial Cable Nonmetallic	9.2%	1,892
24	2422	Underground Cable Metallic	9.2%	96,216
25	2422	Underground Cable Nonmetallic	9.2%	5,400
26	2423	Buried Cable Metallic	4.0%	127,671
27	2423	Buried Cable Nonmetallic	4.0%	1,047
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	2,682
31	2426	Intrabuilding Network Cable Nonmetallic	3.3%	19
32	2431	Aerial Wire	10.3%	359
33	2441	Conduit Systems	4.0%	99,014
34				
35		COMPOSITE TOTAL		
36				
37	Have these rates been approved by the Commission? ____YES ____X__ NO			
38				
39	If yes: _____ Docket Number _____ Order Number			
40				

Montana Regulatory Capital Structure & Costs

Year: 2000

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	Commission Accepted - Most Recent			
1	Docket Number			
2	Order Number			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
9				
10	Actual at Year End			
11				
12	Common Equity			
13	Preferred Stock	44.00%		
14	Long Term Debt	43.00%		
15	Other	13.00%		
16	Total	100.00%		

Network Access - Charges and Revenues

Year: 2000

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		2378093
2			
3	Montana - Intrastate		2378093
4			
5	Montana - Intrastate Regulated		2378093
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility Year: 2000

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	NEMONT TELEPHONE	TANDEM SWITCHING	LEASE AGREEMENT	60,312	0.7%	
2		TOOLS & EQUIPMENT	LEASE AGREEMENT	17,720	0.2%	
3		FURNITURE & OFFICE EQUIP	LEASE AGREEMENT	19,451	0.2%	
4		VEHICLES	LEASE AGREEMENT	40,410	0.5%	
5						
6	NEMONT COMMUNICATIONS	BUILDING RENTALS	LEASE AGREEMENT	264,072	3.8%	
7		COMPUTER LEASE	LEASE AGREEMENT	26,724	0.4%	
8		FIBER LEASE	LEASE AGREEMENT	778,608	11.3%	
9						
10						
11						
12						
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14						
15						
16						
17						
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19						
20						
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22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL			\$1,207,297		

Company Name: VTI

SCHEDULE 34

Affiliate Transactions - Products & Services Provided by Utility

Year: 2000

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	NEMONT TELEPHONE COOP	SWITCHING CHARGES	LEASE AGREEMENT	384,528	4.0%	
2		PLANT VEHICLES	LEASE AGREEMENT	9,894	0.1%	
3						
4	NEMONT COMMUNICATIONS	PLANT VEHICLES	LEASE AGREEMENT	2,423	0.0%	
5		OFFICE RENTAL	LEASE AGREEMENT	11,400	0.1%	
6		CDO & BAY RENTAL	LEASE AGREEMENT	6,036	0.1%	
7						
8	SAGEBRUSH CELLULAR INC	PLANT VEHICLES	LEASE AGREEMENT	1,211	0.0%	
9		OFFICE RENTAL	LEASE AGREEMENT	8,100	0.1%	
10		BAY & ANTENNA RENTAL	LEASE AGREEMENT	8,700	0.1%	
11						
12						
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20						
21						
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24						
25						
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27						
28						
29						
30	TOTAL			\$432,292		

Montana Intrastate Regulated Earned Rate of Return

Year: 2000

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	16,226,388	16,376,512	-0.92%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(3,168,043)	(2,732,131)	-15.96%
5	Plant in Service	13,058,345	13,644,381	-4.30%
6				
7	Additions			
8	1220 Materials & Supplies			
9	1280 Prepayments	11,825	59,353	-80.08%
10	Other Additions			
11	TOTAL Additions	11,825	59,353	-80.08%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	1,361,282	1,211,028	12.41%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,361,282	1,211,028	12.41%
20	TOTAL Rate Base	11,708,888	12,492,706	-6.27%
21				
22	Net Earnings	1,480,421	897,627	64.93%
23				
24	Rate of Return on Average Rate Base	12.644%	7.185%	75.97%
25				
26	Rate of Return on Average Equity	16.050%	12.310%	30.38%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

Year: 2000

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	35416	
2	Montana Public Service Commission Tax	9920	10412
3	Montana Consumer Counsel Tax	3762	3331
4	911 Emergency Telephone Fee	41227	42561
5	Montana Telecommunications Access Service (TDD)	8256	8524
6	Montana Corporate License Tax		
7	Personal Property Tax	714375	602136
8	Real Property Tax		
9			
10			
11			
12	Total	812956	666964

Company Name: VTI

Universal Service Funds Received

Year: 2000

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	360921	689743
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	360921	689743